

## Message Text

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44

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

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TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

DRC-01 /194 W

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R 192140Z OCT 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 6252

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E.O. 11652: N/A

TAGS: EIND, CI

SUBJ: DECLARATION ON FIRMS TAKEN BY UNDER ALLENDE GOVERNMENT

PASS OPIC, EX-IM, TREA

1. JUNTA PRESIDENT PINOCHET OCTOBER 18, ISSUED DECLARATION OUTLINING FUTURE OF FIRMS WHICH FELL UNDER STATE CONTROL DURING ALLENDE REGIME. FOLLOWING IS SYNOPSIS OF DECLARATION. SPANISH TEXT AND EMBASSY TRANSLATION BEING POUCHED.

2. CORFO (CHILEAN DEVELOPMENT CORPORATION) UNDER UP GOVERNMENT ACQUIRED CONTROL OF MANY ENTERPRISES ILEGALLY AND AGAINST NATIONAL INTERESTS. THEREFORE, FIRMS "IN UNCERTAIN OR IRREGULAR SITUATION" SHOULD BE RETURNED. NEW REALISTIC PRICES SHOULD STOP ENORMOUS BLEEDING OF THE ECONOMY CAUSED BY SUBSIDIES.

3. GOVERNMENT WILL SOON DECREE "SOCIAL STATUTE OF COMPANIES" (ESTATUTO SOCIAL DE EMPRESA) WHICH WILL PROVIDE "AUTHENTIC SOCIAL JUSTICE AND EFFECTIVE WORKER PARTICIPATION."

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COMPANIES RETURNED BY CORFO MUST PROMISE TO FOLLOW "GENERAL

NORMS" OF STATUTE ONCE IT IS PUBLISHED. STATUTE WILL GIVE SECURITY AND HOPE TO WORKERS AND OPPORTUNITIES AND INCENTIVES TO NATIONAL AND FOREIGN INVESTORS. RETURN OF COMPANIES WILL NOT SIGNIFY RETURN TO "OLD POWER STRUCTURE THAT JUNTA CONSIDERS INAPPROPRIATE IN RENOVATED CHILE." FIRMS RETURNED WHOLLY OR PART TO OWNERS MUST SIGN AGREEMENT WITH CORFO.

4. GENERAL CATEGORIES OF FIRMS TO BE RETURNED. (A) FIRMS TAKEN, REQUISITIONED OR INTERVENED SINCE JUNE 29, 1973, WILL BE RETURNED TO OWNERS WITH SIGNING OF AGREEMENT; (B) FIRMS REQUISITIONED OR INTERVENED BEFORE JUNE 29 WILL ALSO BE RETURNED WITH EXCEPTIONS NOTED IN SUB-PARAGRAPH (D); (C) COMPANIES BROUGHT UNDER STATE CONTROL THROUGH STOCK OR CAPITAL PURCHASE WILL REMAIN UNDER GOVERNMENT CONTROL UNTIL FURTHER STUDIES ARE COMPLETED; (D) FIRMS WHICH WILL NOT BE RETURNED ARE THOSE WHICH ARE DEFINED UNDER CONSTITUTIONAL REFORM OF FEBRUARY 19, 1972, AS "ECONOMIC ACTIVITIES RESERVED TO STATE" AND THOSE DETERMINED TO BE STRATEGICALLY IMPORTANT TO SECURITY AND ECONOMIC/SOCIAL DEVELOPMENT. ALSO TO REMAIN UNDER STATE CONTROL ARE FIRMS WHICH WERE ABANDONED BY OWNERS OR WHICH CONTINUE UNDER "ABNORMAL CIRCUMSTANCES."

5. AGREEMENT BETWEEN CORFO AND OWNER REPRESENTATIVES WILL COMMIT OWNERS TO FUTURE ADAPTION TO SOCIAL STATUS OF COMPANIES. OWNERS MUST ALSO PROMISE TO HOLD STATE BLAMELESS FOR ANY LOSS OR DAMAGE SUFFERED DURING PERIOD OF INTERVENTION AND ACCEPT ALL DEBTS TO THE STATE. ONCE SUCH DEBTS ACCEPTED, THEY WILL BE ANLIZED TO AVOID "UNMANAGEABLE NATIONAL OR PRIVATE SITUATION ON ONE HAND, AND ON OTHER TO RECOUP MAXIMUM RESOURCES FOR DEVELOPMENT." AGREEMENT WILL OBLIGE COMPANIES TO RESPECT EXISTING LABOR LAWS AND, GENERALLY, TO MAINTAIN EXISTING STAFF. END UNCLASS.

6. BEGIN LOU. COMMENT: TONE OF DECLARATION GIVES IMPRESSION THAT TERMS ARE NEGOTIABLE. EMBASSY RECOMMENDS DEPARTMENT ADVISE AFFECTED U.S. COMPANIES THAT THIS IS CRUCIAL TIME TO SEND REPRESENTATIVES TO DISCUSS THEIR PARTICULAR CASES WITH GOC TO ENSURE MAXIMUM INPUT BEFORE GOC MAKES DECISION ON INDIVIDUAL CASES. END LOU.

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## Message Attributes

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**Disposition Approved on Date:**  
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**TAGS:** EIND, CI  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005